



REFIN REVIEW

Membership Fee Review

Since its inception, the institute has operated on a simple organizational structure, with a staff compliment of two persons, namely the Operations and Administration Manager and an Administrative assistant. The manager reports directly to the board and is responsible not only for the daily operational and administrative activities of the office but also spends a significant time on strategy formulation and execution as well as providing support to the board. Reciprocally, the board (whose members have demanding jobs) also is involved in the execution of the strategy as well as on operational matters. This has resulted in great inefficiencies as both the operation and strategic activities have not enjoyed the priority and attention they deserve.

Although the institution has over the years been able to operate under these less-than-ideal conditions, this situation has now become untenable, more so considering the newly adopted strategy as well as the everchanging legislative and socioeconomic environment. Under the current membership fee structure, the Service Provider membership category fee has increased annually by inflation, while the Retirement Funds membership category fee has not increased since inception. The primary reason for this was because the average increase in number of members was sufficient to generate an average increase in the annual overall membership fee income that was aligned with inflation, which is no longer the case.

If inflation were to be applied retrospectively since 2010 on membership fee rate for Retirement Fund members, the fee would be N\$7.92 per member. Accordingly, at the 2020 AGM, RFIN proposed an increment of fees to N\$7.00/member with effect from 2021, but proposal was rejected on grounds that the effective date was too near and members had not budgeted for the increase. Moreover, the meeting proposed that any increase should be staggered over time and would need to be implemented after 2021, allowing the members to make budget allocations accordingly.

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Provident Fund Benefits

This is a protracted matter, as such RFIN sent a letter to the commissioner of inland revenue, demanding a timeline as to when a proper response could be provided. RFIN secured two meetings with senior officials from Department of Inland Revenue, at which we clarified our position on how this ruling had caused confusion in the industry. Specifically, the judgement effectively outlawed the granting of an auxiliary benefits for provident fund members, except for lumpsum disability benefits.

The ministry clarified its position whereby the intention of the ruling was to solely prohibit funeral benefits to dependents of provident fund members and this ruling may have been misinterpreted due to the wording that was used. To rectify this unfortunate situation, the Ministry of Finance will issue a new ruling in due course.

Membership Review Cont...

However, at a Special Annual General Meeting which was held in January 2021, where it was resolved that the fee per member would be increased to N\$9.00 by 2024. This would be staggered over three years, increasing to N\$6.50 in 2022, N\$8.00 in 2023, and N\$9.00 in 2024, after which annual inflation-based increase would apply.

New Executive Director

We are pleased to announce the appointment of Ms. Maria Nakale as our new Executive Director. She holds a master's degree in Corporate Financial Management and an MBA obtained from the University of Cape Town (UCT) and the University of Stellenbosch (USB) respectively. Ms. Nakale has over 20 years' experience in the financial sector with specialisation in investment management and financial sector supervision.

She served as a board member in both the private and public sectors for the past 20 years and brings vast of experience to the institute.

Population Register Access

RFIN via NAMFISA, received a proposition from the Ministry of Home Affairs, Immigration, Safety and Security (MHAISS) to grant the retirement funds industry, access to their National Population Register. However, there would be a cost to this privilege since the current National Population Register comprises of various databases that are yet to be upgraded and integrated to interface with various private sector systems.

To this end, RFIN requested its members to provide their thoughts and inputs as to the industry's interest and potential involvement in this endeavour as well as to give an indication of their willingness to contribute financially to its upgrade and integration. In general, the response from our service provider members was in the affirmative, both in terms of access of the databases and willingness to share in the costs. On the other hand, our retirement fund members saw this as another expense item which they are not too keen to take on.

The views of both member groups were summarized, and a response drafted accordingly. Specifically, RFIN clarified how these costs should be funded by government via taxes even though there was some willingness to share in the same. However, greater clarity as to the cost structure and framework would need to be provided and further engagements with NAMFISA and MHAISS need to continue regarding this proposal.



OUR RETIREMENT RESPONSIBILITY

Cooperation Agreements

One of our key strategic imperatives is to enhance our relationships with all our stakeholders. To this end, in 2020 the institute sought to enter into cooperation agreements with organization with similar objective to ours. In this regard, RFIN contacted the Namibia Savings and Investments Association (NaSIA) and Batseta to explore the possibility of entering memoranda of understanding with these organizations. NaSIA prefers cooperation on an ad hoc basis rather than a formal engagement while Batseta has agreed in principle to sign a formal MOU with RFIN. However, there are a couple of concerns that need to be addressed before the MOU is formally signed later this year.

Destination 2023

RFIN's mandate is to promote, protect and advance the interests of our members, and Namibia's retirement industry in general, to the ultimate benefit of the members of retirement funds. We remain resolutely focused on effective and excellent service delivery to our members, which is enshrined in our ethos "Our retirement, Our Responsibility". To this end, our strategy, called "Destination 2023" emphasizes on the following broad aspects:

Governance – to promote good governance and ethical conduct among our members.

Legislation and policy – to play an advocacy role and influence policy and legislation.

Education and training – to facilitate education and training programs for our members.

Operational Capacity - Improve operational efficiency, financial sustainability, and visibility.

This strategy is enhanced by enablers such as research, training, legal and regulatory advocacy, partnership and thought leadership, the outcomes of which will be assessed annually. The strategy is underpinned for five key pillars

- Learning and Growth Centre of Excellence
- Institutional Excellence
- Trusted, Valued, Renowned Partner
- Self-Sustainable, Viable Entity
- Driven by needs, Enduring Impact



Update on the Administration of Estate Act

It goes without saying that if this amendments to the Administration of Estates Act are promulgated, it could potentially decimate the retirement funds industry. Since the initial proposal of this amendment, the position of the Minister of Justice has been occupied by three different ministers, to which all RFIN has raised the industry concerns, with no real head way made.

However, toward the end of last year we managed to engage the new Minister of Justice, to the end that she agreed to at least provide a date for an audience with RFIN. However, we have now been reliably informed that the Minister has studied the amendments and the industry concerns and will provide feedback on the way forward. Moreover, the Minister will formally respond to all written representation that have been made to the Ministry of Justice regarding this matter. We will than update our members as soon as valuable information is received on this issue.



OUR RETIREMENT RESPONSIBILITY

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2021/2022 Budget: Deductibility of Contributions

In his Budget speech, the Minister of Finance shared that the tax deductibility on Pension fund and educational policies contributions would be increased from the current N\$40 000 to a maximum of N\$150 000 per annum. This is to encourage savings for retirement purposes as announced in previous years. RFIN will be represented in the Technical Committee that has been setup to support the Minister of Finance to implement this increase. Other members of the committee are NAMFISA, NAMRA and NaSIA.

Spare a Thought

A PERFECT STORM IS LOOMING

The retirement industry is facing a quartet of challenges that could fundamentally change the industry as we know it. Some of these are far too familiar, like the legislative challenges as a result of FIMA, the domestic investment requirements, the Amendment of Estates Bill and some impractical directives from the regulator and the line Ministry. Others are beyond our control and affects all of society, like the global pandemic which has seemingly no end in sight.

The talk of the National Pension Fund, which has the potential to crowd out a significant number of our retirement funds, is becoming more prevalent in the national discourse. Although this chatter has been around for years, this time around there seems to be a rather more serious tone to it.

We also must contend with the changing political landscape, with all signs pointing towards discontent for the current status quo of the retirement provision apparatus. True to this, there is also talk of the formation of a "supra-sectorial" workers' union, one whose objective is to represent workers from across all sectors, with the aim of yielding massive influence in our trustee boards through employee representation.

Truly the signs are there, and the tempest is surely coming, and we as the retirement provision fraternity best prepare for the **Perfect Storm** headed our way.

Training Calendar 2021

Topics	Date
Investment Fundamentals	May, July, September, and November
Member Engagement and Communication.	May, July, September, and November
Retirement Fund Reporting	May, July, September, November
Trustee and PO roles under FIMA	May, July, September, and November
Retirement Fund Operations.	May, July, September, November
Retirement Fund Investments	July, September November



OUR RETIREMENT RESPONSIBILITY